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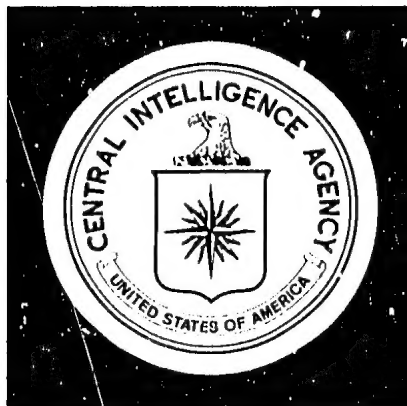
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# Economic Intelligence Weekly

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# CONTENTS

Page

## Articles

<b>Japan's New Export Drive</b> <i>Japanese firms raise export goals to offset slowdown in domestic sales.</i>	1
<b>US-East European Trade: Warming Up</b> <i>Trade doubled in 1973, the United States enjoying a surplus of \$300 million.</i>	2
<b>United States May Join in Developing Soviet Offshore Oil</b> <i>US technology is needed for development of fields off Sakhalin Island.</i>	3
<b>Nuclear Power in Western Europe</b> <i>Nuclear powerplants will supply 15% of Western Europe's electricity in 1980 and 28% in 1985.</i>	6
<b>East Asia's Growing Textile Exports</b> <i>Exports should continue to rise in 1974 even in the face of new barriers.</i>	7

25X1

## Notes

India Back in Grain Market	11
USSR Drags Feet on Agricultural Statistics	11
China: Plant Purchases Continue Strong	12
US Air Traffic Control Sales to Eastern Europe	12
Soviets Export Rice	12

## Publication of Interest

Summary of a Recent Publication	13
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## Comparative Indicators

Recent Data Concerning Internal and External Economic Activity	A1
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The oil situation is now being covered mainly in *International Oil Developments*, published each Friday morning.

Note: Comments and queries regarding this publication are welcomed. They may be directed to Mrs.

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SECRET

7 March 1974

## SECRET

## ECONOMIC INTELLIGENCE WEEKLY

## Articles

## JAPAN'S NEW EXPORT DRIVE

Japanese firms are scheduling large increases in exports this year in spite of the slackening economic pace in most customer countries. The motor vehicle, steel, textile, and other leading industries plan to raise export volume by 10% to 20%, in contrast to the tiny increases envisioned several months ago.

Japanese firms hope to maintain growth by boosting overseas sales at a time when domestic demand is falling because of the energy crisis and normal cyclical factors. The same marketing strategy was followed successfully during the economic slowdown of 1971, when export volume rose 20%. This year's gain will fall substantially short of 20% because Japan's international competitive position has been altered by currency changes and because other industrial countries are experiencing a sharp economic downturn.

Tokyo wants a substantial increase in export earnings in 1974 to help offset the rise in oil import costs of at least \$11 billion. Earnings are getting off to a good start because sales are being made at sharply increased prices. The value of exports in January 1974 was 43% above the January 1973 level, and the February increase was 25%-30%. Physical volume increased little, because of continuing supply shortages.

Japanese firms will pay much greater attention to the US market this year than last. The volume of sales to the United States fell by 10% in 1973 because most industries were straining to meet booming domestic demand or found it more profitable to sell to countries whose currencies had depreciated less against the yen. Shortages of many export goods are expected to ease soon, and the yen's recent depreciation against the dollar has increased the profitability of sales in the US market.

Sales of Japanese autos in the United States are expected to boom even though overall US demand for motor vehicles is weakening. Japanese suppliers probably expect to sell the United States about 200,000 more autos in 1974, a 25% increase. The steel and textile industries also will be pushing sales more aggressively as Japanese demand slackens. Volume gains will be moderate, however, because of weakening US demand and competition from other suppliers. Other items likely to register gains in the US market include general machinery, precision instruments, and commercial electronic products.

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7 March 1974

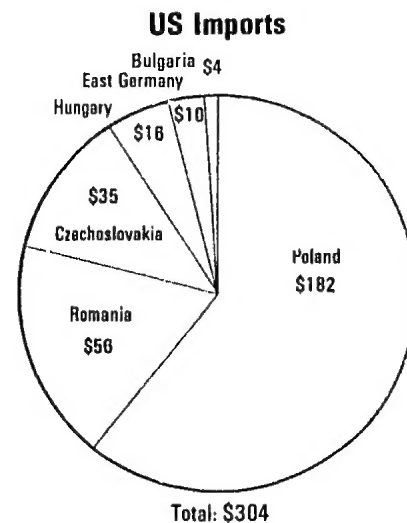
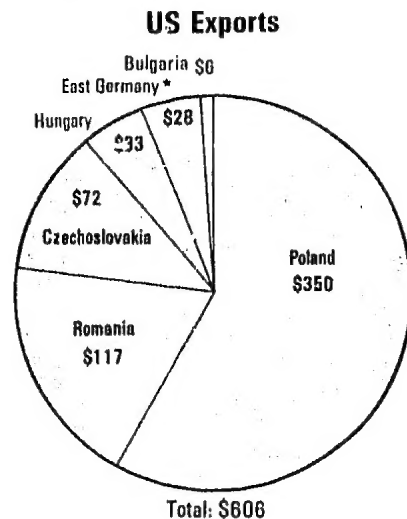
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## US-EAST EUROPEAN TRADE: WARMING UP\*

Warmer bilateral relations and Eximbank credits resulted in a doubling of US-East European trade in 1973 to nearly 1 billion dollars, with the United States enjoying a trade surplus of \$300 million. US machinery sales will feature further large gains in 1974.

US Trade with Eastern Europe  
by Country, 1973

Million US \$



\*Not including transshipment of US agricultural products estimated at \$50 million—\$60 million.

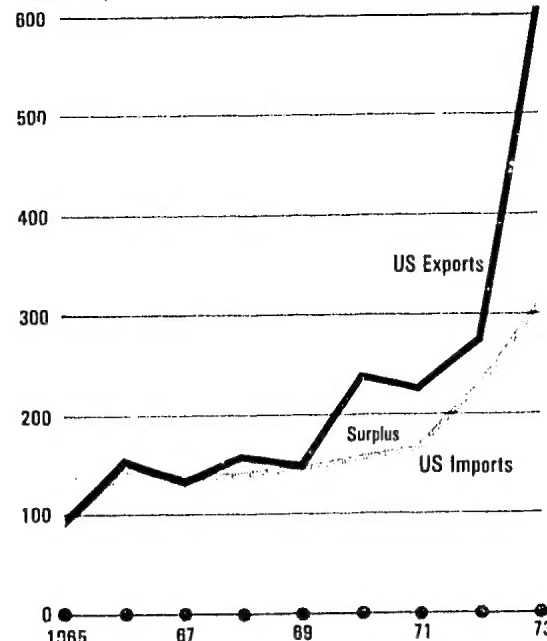
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Poland and Romania are the Big Two in US-East European trade. Aside from periodic purchases of US grain, large-scale trade with the other countries is awaiting further progress on the diplomatic front.

Agricultural sales were responsible for most of the increase in US exports in 1973; sizable shipments of feedgrains went to Poland, Romania, East Germany, and Czechoslovakia. Slackening demand and a leveling off of world prices will prevent much of a rise in agricultural deliveries in 1974. Instead, US machinery for the first time will

## US-Eastern Europe Trade

Million US \$



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\* This is the summary article in a series on current developments and prospects for US economic relations with the East European countries.

SECRET

7 March 1974

lead the way. Large orders—stimulated by Eximbank credits at 6% interest—were placed last year by Poland and Romania.

The key US imports from Eastern Europe are processed food products, especially Polish canned hams. The United States also provides steady markets for Polish furniture, semifinished steel, and coal; Romanian clothing, footwear, and fuel oil; Yugoslav and Hungarian wine; and Czech glassware.

Sufficient momentum has been generated to carry the trade expansion into 1975. For the balance of the 1970s, the volume of trade will depend on how well Eastern Europe manages its growing debt and fuel import problems. Romania and Bulgaria now face the most pressure on hard currency reserves. All countries are uncertain about the future supply and cost of imported oil.

Because of their limited export potential in the US market, the East Europeans will be looking beyond credit arrangements to US participation in barter, cooperation, and joint equity ventures. Continued rapid trade expansion will require more deals such as Control Data Corporation's recent equity investment in Romania and cooperative ventures in Poland by International Harvester for tractors and Koehring Corporation for construction equipment [REDACTED]

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#### UNITED STATES MAY JOIN IN DEVELOPING SOVIET OFFSHORE OIL\*

Several US firms have joined Japanese firms in negotiating with Moscow over the development of oil and gas deposits off Sakhalin Island. Both the USSR and Japan have sought US participation to gain access to the latest technology and to US capital. Soviet sources estimate potential offshore oil reserves at 30 billion to 45 billion barrels of low-sulfur oil in a 39,000-square-mile area.

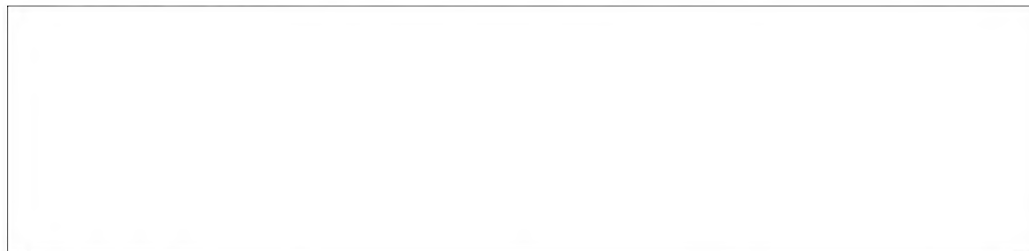
#### Current Status of Negotiations with US Firms

As a followup to earlier Japanese-Soviet discussions, Gulf Oil signed a preliminary agreement in July 1972 for a cooperative development venture with Japan. Gulf insisted on a production-sharing contract. Instead the Soviets proposed that (a) the Gulf-Japanese combine invest the risk capital without recompense if no oil is developed, (b) the USSR purchase the equipment used in exploration, and (c) Gulf-Japanese risk capital be paid

\* This is the second of a series of articles on the current status of US-USSR economic relations in selected areas.

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back from production if oil is developed, and the Western partners be given preferential prices in buying additional oil. Negotiations are to be resumed in March in Moscow.



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Occidental and a number of other major US oil firms have held discussions with the USSR about offshore oil developments. No details are available.

**Problem Areas**

Before Sakhalin development can proceed, three problem areas must be dealt with.

- **Reserves** -- Aside from sketchy Soviet geological surveys, almost nothing is known about the potential of the Sakhalin offshore deposits. At least two years will be needed to explore the area; production, if justified, could not begin much before 1980.
- **Equipment** -- The most advanced US equipment would be needed in this difficult area of severe tides and massive iceflows. But Sakhalin development would face fierce competition from other areas of potential offshore development, for drilling platforms and other equipment are in short supply.
- **Money** -- If a substantial field is discovered, massive financing would be required. Commercial credits might be difficult to muster without Eximbank participation, since the Soviets probably will press for concessionary interest rates. The Japanese-Gulf group is expected to offer low interest rates because of access to Tokyo's financial guarantees.

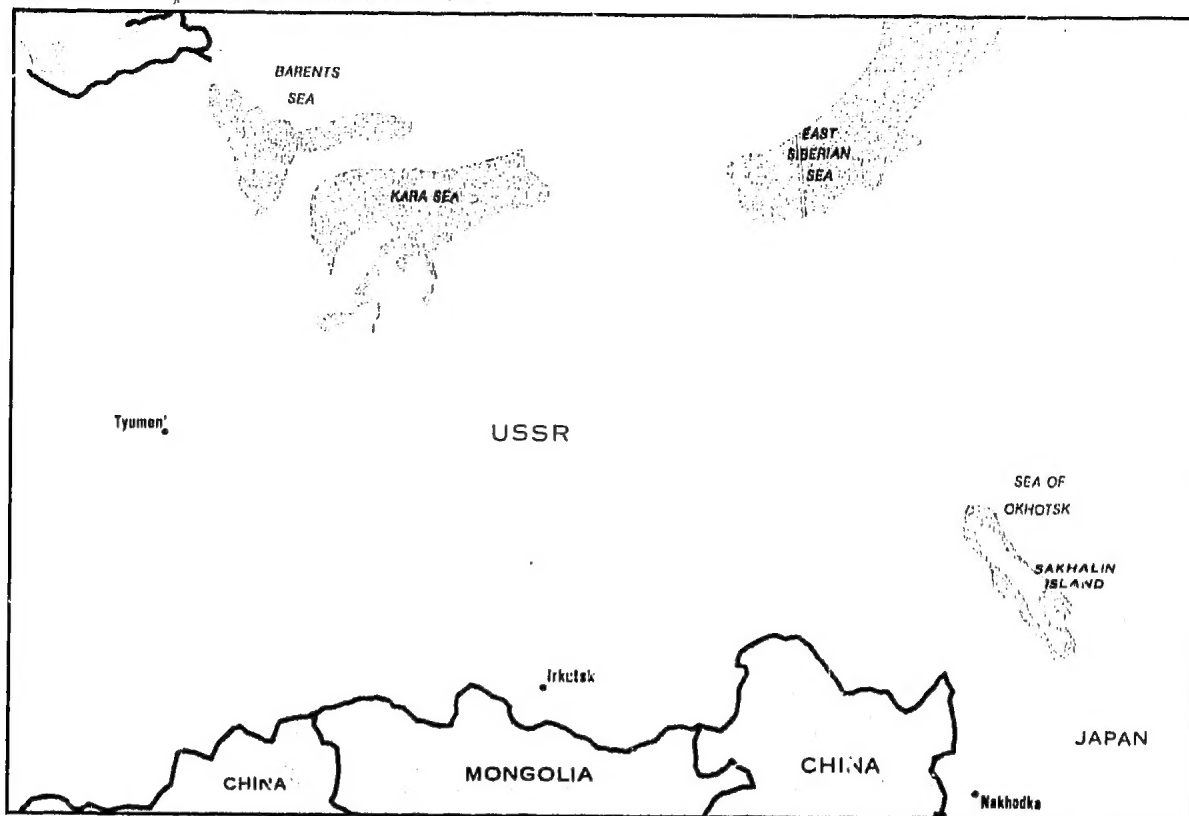
**Prospects**

The Gulf-Japanese proposal seems most likely to be the first accepted, possibly this year. It furnishes necessary US technology and provides low-interest financing that avoids hard currency outlays. Agreement on a



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USSR: Major Offshore Oil Areas



Gulf-Japanese project would not preclude other US firms from negotiating similar joint projects off Sakhalin.

If the Sakhalin offshore fields prove out, the USSR will have a new source of hard currency earnings and a substantial increase in oil production. According to the Arco projections, production would amount to 182.5 million barrels a year by 1980, worth \$1.3 billion (assuming a price of \$7.00 per barrel). After repaying investment costs and giving its Western partners a share of the oil, the USSR, under these conditions, could realize \$1 billion annually in hard currency from the Sakhalin development.

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7 March 1974

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## NUCLEAR POWER IN WESTERN EUROPE

Nuclear powerplants will supply 15% of Western Europe's electricity in 1980. Growing investment in nuclear capacity should boost the share to 28% in 1985.

Eight West European countries now use nuclear power, produced at 42 separate sites. The share of electricity generated in nuclear plants is already substantial in Switzerland and the United Kingdom and appreciable in France and Spain. In the United States, nuclear power contributed 3% of the electricity generated in 1972.

## Production 1972 (Billion KWH)

	Total Gross Electricity	Gross Nuclear Electricity	Percent Nuclear
<b>Total</b>	<b>1,292.1</b>	<b>70.1</b>	<b>5.4</b>
France	167.4	15.0	8.9
Italy	137.0	3.6	2.7
Netherlands	49.6	0.3	0.7
Spain	68.1	4.8	7.0
Sweden	70.7	1.5	2.1
Switzerland	31.7	4.9	15.5
United Kingdom	268.7	31.3	11.7
West Germany	274.8	8.7	3.2
Others <sup>1</sup>	224.1	....	....

1. Including Austria, Belgium, Cyprus, Denmark, Finland, Greece, Iceland, Ireland, Luxembourg, Malta, Norway, Portugal, and Turkey.

West Germany and France account for half of the increment in generating capacity scheduled by 1980. Sweden, the United Kingdom, and Spain also have major programs. According to current plans, one-third of the new capacity to be installed before 1985 will be nuclear.

Most of the new nuclear capacity will be of the US-designed light water reactor (LWR) type requiring enriched uranium fuel. With the exception of the Spanish reactors and several of the Swedish reactors, all the LWRs will be built by West European firms operating under license agreements with US reactor manufacturers, principally Westinghouse and General Electric. The United Kingdom is building five large reactors of its own design, and Finland's first two reactors are being supplied by the Soviet Union.

France, which had already shifted toward nuclear power, has announced that only nuclear electric powerplants will be built after 1975

SECRET

7 March 1974

**SECRET**

	<b>1973</b>		<b>Planned for 1980</b>	
	<b>Number of Reactors</b>	<b>Capacity (MWe)</b>	<b>Number of Reactors</b>	<b>Capacity (MWe)</b>
<b>Total</b>	<b>62</b>	<b>15,301</b>	<b>140</b>	<b>88,000</b>
Australia	....	....	1	700
Belgium	....	....	4	2,800
Denmark	....	....	1	700
Finland	....	....	3	1,500
France	10	3,023	29	21,100
Italy	3	635	6	3,400
Netherlands	2	535	3	1,500
Norway	....	....	1	700
Portugal	....	....	1	700
Spain	3	1,100	10	7,600
Sweden	2	472	12	8,300
Switzerland	3	1,054	6	3,900
United Kingdom	29	6,167	35	13,100
West Germany	10	2,315	28	22,000

because of rising oil prices. Nuclear power stations are scheduled to provide one-third of France's electricity in 1980, up from 9% in 1972. France is in a good position to carry out its program because its nuclear industry can produce six or seven reactors per year.

Expansion of present nuclear power programs in other West European countries will run up against the same factors that constrain US plans - limited capacity for producing nuclear equipment, long lead times for obtaining reactor building permits and operating licenses, the need for new uranium enrichment capacity, and environmental pressures. A marked acceleration in West European nuclear programs is therefore unlikely in the near future.

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**EAST ASIA'S GROWING TEXTILE EXPORTS**

East Asia's textile exports jumped by 30% in 1973. Increases in volume and price boosted exports from Taiwan, South Korea, and Hong Kong by an extraordinary 50% to \$4.3 billion. The value of Japanese textile exports, on the other hand, increased only 8%, and the volume fell substantially.

**SECRET**

7 March 1974

US restraints shunted most of the export growth to Western Europe -- indeed sales by Taiwan, South Korea, and Hong Kong in Western Europe now exceed sales in the United States.

Textile exports by the smaller East Asian countries should increase in 1974, even in the face of new restraints. Japan's politically powerful textile industry, concerned about rising imports from the rest of East Asia, is pressing for formal or informal controls. West European governments also may be inclined to impose new controls. Under the recently negotiated multifiber textile agreement, countries may limit the growth in volume from one exporter to 6% when market disruption is shown.

East Asia: Textile Exports

	Million US \$		Percent Increase
	1972	1973	
	By Origin		
Total	5,351	6,953	30
Japan	2,500	2,700	8
Hong Kong	1,364	1,829	34
Taiwan	814	1,224	50
South Korea	673	1,200	78
	By Destination		
United States	1,525	1,568	3
Western Europe	818	1,112	36
Intra-East Asian	850	1,650	94
Other	2,158	2,623	22

Japan's textile industry probably will not be able to boost exports by the planned 20%. The appreciation of the yen and rising labor costs have blunted its competitive position. Moreover, Japanese firms are continuing to invest abroad in plants designed to export to the Japanese market. As a consequence, Japan has emerged as a leading importer of textile products, with per capita imports almost equal to the US level. Japan now runs a substantial deficit in its textile trade with the rest of East Asia and with Western Europe.

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## Notes

**India Back in Grain Market**

A recent purchase of 100,000 tons of Australian wheat marks India's first appearance in international grain markets since last October's 2-million-ton loan from the USSR. India reportedly is seeking grains from other countries but not as yet the United States. These initiatives follow sluggish procurement from last fall's bumper grain harvest, unexpected increases in domestic grain prices, and deteriorating prospects for the spring harvest. India has had abnormally dry weather during the past two months; shortages of electricity and diesel fuel have disrupted irrigation; and there has been an early onset of wheat rust, which has reduced the spring harvest in recent years. [REDACTED]

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**USSR Drags Feet on Agricultural Statistics**

The Soviets have failed to deliver the first set of agricultural statistics promised at last November's meeting of the US-USSR Joint Committee on Cooperation in the Field of Agriculture. A timetable was set up at that

SECRET

7 March 1974

SECRET

time for the periodic release of 10 categories of data not previously available to the United States. Assistant Secretary of Agriculture Brunthaver took the unusual step of inserting into the minutes his strong desire that this aspect of the US-USSR Agricultural Agreement be fulfilled. The US agricultural attache in Moscow recently complained of the delays by the Soviet side in submitting the agricultural information and reminded a Soviet official that the USSR is committed to supply certain trade data as well. The Soviet official, while admitting that they were remiss on both counts, stated that these problems could be reviewed by the working group on agricultural economic research and information when it meets in Washington in the third week in May. [REDACTED]

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#### **China: Plant Purchases Continue Strong**

China's latest political turmoil, the anti-Confucius campaign, has not slowed purchases of Western industrial plants. During the first two months of 1974, China signed plant contracts with Japan and Western Europe worth approximately \$200 million. If this pace continues, purchases for the whole of 1974 will equal last year's record \$1.2 billion. All of the plants bought this year are for the petrochemical industry -- for the production of fertilizer, synthetic fibers, and plastics. Petrochemical plants constituted the bulk of China's plant purchases last year. [REDACTED]

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#### **US Air Traffic Control Sales to Eastern Europe**

Hungary has joined the growing list of East European countries interested in purchasing US air traffic control (ATC) equipment. An eight-member delegation toured several US avionics manufacturers last month in search of equipment to upgrade Hungarian ATC systems during the next few years. Czechoslovakia already has purchased some US ATC equipment, including three instrument landing systems for use at Prague and Bratislava. The remaining East European countries, except for East Germany, also have shown interest in acquiring US equipment. [REDACTED]

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#### **Soviets Export Rice**

Within the last month the USSR reportedly sold 75,000-100,000 tons of rice to a Swiss subsidiary of a US commodity trading firm for resale in Africa. The deal will yield the Soviets about \$25 million in hard currency. The USSR has traditionally imported sizable quantities of rice and has exported only small amounts to Communist states such as Mongolia and Cuba. Rising domestic output and high world prices apparently have induced the Soviets to enter the world rice market at this time [REDACTED]

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SECRET

7 March 1974

SECRET

Publication of Interest

**The World Coffee Market: Another Producers' Squeeze?**  
(CIA ER IR 74-3, February 1974, )

25X1

Coffee prices have increased sharply since mid-1972 and are now the highest in 15 years. Because of low prices during the 1960s, export controls under the International Coffee Organization (ICO), policy changes in Brazil, and a series of crop failures, world coffee production has fallen below consumption since 1965 and once-large reserve stocks have been depleted. The producer countries are now coordinating coffee policies to protect the recent price gains. This concert of action has generated a dispute between producer and consumer countries that now threatens to destroy the ICO.

SECRET

7 March 1974



## INTERNAL ECONOMIC INDICATORS

## GNP\*

Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			1970	1 Year Earlier	Previous Quarter
United States	73 IV	0.4	4.7	4.0	1.5
Japan	73 III	0.5	8.5	10.0	2.0
West Germany	73 III	0.1	3.3	5.3	0.5
France	73 III	0.9	5.8	6.1	3.8
United Kingdom	73 III	1.3	3.9	6.0	5.2
Italy	73 I	0.8	3.1	5.2	3.4
Canada	73 III	0.4	5.7	6.8	1.7

## WHOLESALE PRICES

Industrial

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Jan 74	2.5	7.2	17.3	38.9
Japan	Jan 74	5.5	10.4	34.0	84.8
West Germany	Dec 73	0.9	5.3	8.8	11.0
France	Jan 74	5.3	10.6	26.6	58.0
United Kingdom	Jan 74	2.8	8.7	12.8	22.0
Italy	Nov 73	1.6	9.0	21.1	17.5
Canada	Dec 73	0.6	8.5	18.3	19.5

## INDUSTRIAL PRODUCTION\*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier**
United States	Jan 74	-0.8	5.2	3.8	-0.6
Japan	Jan 74	1.3	8.9	10.6	7.5
West Germany	Dec 73	0.9	4.4	6.2	9.0
France	Dec 73	-4.4	5.7	2.1	0
United Kingdom	Dec 73	-4.2	2.2	1.8	-4.7
Italy	Dec 73	-7.5	4.4	12.8	22.3
Canada	Dec 73	-0.1	6.3	4.7	9.9

## CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Jan 74	0.9	5.3	9.5	9.7
Japan	Dec 73	3.6	9.1	19.1	21.8
West Germany	Jan 74	0.7	6.2	7.4	11.8
France	Jan 74	1.7	7.1	10.3	13.6
United Kingdom	Jan 74	1.9	5.3	12.0	14.5
Italy	Dec 73	1.4	7.1	12.5	14.5
Canada	Dec 73	0.6	5.3	9.1	6.7

## RETAIL SALES\*

Current Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier**
United States	Jan 74	2.5	10.4	5.9	0.8
Japan	Oct 73	0.6	13.8	25.7	25.0
West Germany	Oct 73	2.3	8.7	7.7	-0.6
France	Nov 73	-2.4	5.6	15.2	20.1
United Kingdom	Nov 73	0.7	12.1	14.8	21.9
Italy	Aug 73	6.7	12.4	19.0	5.0
Canada	Dec 73	-0.9	10.6	13.7	9.3

## MONEY SUPPLY\*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier**
United States	Jan 74	-0.5	7.2	5.4	7.6
Japan	Nov 73	0.8	18.0	20.2	20.5
West Germany	Nov 73	2.5	8.9	4.4	-1.6
France	Dec 73	5.0	13.2	9.7	14.2
United Kingdom	Dec 73	-0.2	9.6	3.8	-8.9
Italy	Sep 73	1.4	20.7	23.3	24.7
Canada	Jan 74	2.2	13.3	11.6	3.9

## MONEY-MARKET RATES

	Representative Rates	Latest Date	Percent Rate of Interest			
			1 Year Earlier	3 Months Earlier	1 Month Earlier	
United States	Prime finance paper	1 Mar	7.25	6.25	8.25	7.88
Japan	Call money	15 Feb	12.00	5.25	9.38	11.50
West Germany	Interbank loans (3 Months)	1 Mar	10.25	8.44	13.00	11.75
France	Call money	1 Mar	12.50	7.13	11.50	14.00
United Kingdom	Local authority deposits	22 Feb	14.83	8.00	14.94	15.81
Canada	Finance paper	1 Mar	8.50	5.13	9.13	8.25
Euro-Dollars	Three-month deposits	1 Mar	8.69	8.25	10.75	9.00

\*Seasonally adjusted.

\*\*Average for latest 3 months compared with average for previous 3 months.

7 March 1974

Office of Economic Research/CIA

## EXTERNAL ECONOMIC INDICATORS

## EXPORTS\*

f.o.b.	Latest Month		Cumulative	
	Million US \$		Percent Change	
	1973	1972	1970	1971
United States	Jan 74 7,110	4,977	42.9	
Japan	Jan 74 3,651	2,572	42.0	
West Germany	Dec 73 5,428	46,727	45.0	
France	Jan 74 3,466	2,547	30.1	
United Kingdom	Jan 74 2,278	2,084	9.3	
Italy	Nov 73 1,987	18,549	19.7	
Canada	Dec 73 2,224	20,259	24.0	

## EXPORT PRICES

US \$	Latest Month		Percent Change		Average Annual Growth Rate Since	
	Month		from Previous		1970	
	1973	1972	1970	1971	1970	1971
United States	Dec 73 4.1	10.3	26.7	44.7		
Japan	Nov 73 -0.8	13.0	27.4	11.0		
West Germany	Nov 73 -0.2	13.1	29.9	-16.3		
France	Oct 73 2.3	15.8	32.0	21.1		
United Kingdom	Dec 73 0.1	8.7	17.3	9.7		
Italy	Sep 73 2.3	11.3	22.4	37.6		
Canada	Nov 73 4.9	9.1	23.2	39.1		

## IMPORTS\*

f.o.b.	Latest Month		Cumulative	
	Million US \$		Percent Change	
	1973	1972	1970	1971
United States	Jan 74 6,470	5,281	22.5	
Japan	Jan 74 3,428	1,850	85.2	
West Germany	Dec 73 4,511	37,991	38.1	
France	Jan 74 3,566	2,417	47.6	
United Kingdom	Jan 74 3,129	2,268	37.9	
Italy	Nov 73 1,983	15,296	43.5	
Canada	Dec 73 2,192	18,846	23.9	

## EXPORT PRICES

National Currency	Latest Month		Percent Change		Average Annual Growth Rate Since	
	Month		from Previous		1970	
	1973	1972	1970	1971	1970	1971
United States	Dec 73 4.1	10.3	26.7	44.7		
Japan	Nov 73 3.6	4.8	14.9	34.1		
West Germany	Nov 73 0.3	1.9	4.7	14.1		
France	Oct 73 1.8	6.6	10.7	34.9		
United Kingdom	Dec 73 3.1	9.8	18.8	33.4		
Italy	Sep 73 0.8	7.7	18.7	21.4		
Canada	Nov 73 4.6	8.0	24.5	40.1		

## TRADE BALANCE\*

f.o.b./f.o.b.	Latest Month		Cumulative (Million US \$)	
	Million US \$		Change	
	1973	1972	1970	1971
United States	Jan 74 640	944		
Japan	Jan 74 223	-498		
West Germany	Dec 73 914	7,290		
France	Jan 74 -100	-231		
United Kingdom	Jan 74 -851	-867		
Italy	Nov 73 23	-3,396		
Canada	Dec 73 32	482		

## IMPORT PRICES

National Currency	Latest Month		Percent Change		Average Annual Growth Rate Since	
	Month		from Previous		1970	
	1973	1972	1970	1971	1970	1971
United States	Dec 73 4.7	13.5	32.5	65.3		
Japan	Nov 73 3.7	4.8	19.8	31.0		
West Germany	Nov 73 4.5	2.0	9.3	33.2		
France	Oct 73 -1.5	5.3	14.3	35.2		
United Kingdom	Dec 73 5.2	16.4	43.1	53.1		
Italy	Sep 73 0	13.2	34.2	44.1		
Canada	Nov 73 0.3	5.5	13.6	8.1		

## BASIC BALANCE\*\*

Current and Long-Term-Capital Transactions

	Latest Period		Cumulative (Million US \$)	
	Million US \$		Change	
	1973	1972	1970	1971
United States*	73 III 2,540	990	-8,400	9,390
Japan	Jan 74 -1,970	-9,770	2,184	-11,954
West Germany	Oct 73 925	3,445	3,867	-421
France	73 III -1,486	-2,045	-201	-1,844
United Kingdom	73 III -522	-1,844	-1,347	-497
Italy	72 III 800	N.A.	2,983	N.A.
Canada	73 III 239	268	555	-287

## EXCHANGE RATES

Spot Rate

As of 1 March 74	Percent Change from		1970		1971	
	Month		1970		1971	
	1973	1972	1970	1971	1970	1971
US \$	0.00343	24.39	5.70	-9.76	-3.05	
Japan (Yen)	0.00343	24.39	5.70	-9.76	-3.05	
West Germany (Deutsche Mark)	0.37330	48.49	20.30	5.42	-0.88	
France (Franc)	0.20780	2.92	5.54	-5.72	0.14	
United Kingdom (Pound Sterling)	2.28600	-18.08	-12.27	-7.11	-1.25	
Italy (Lira)	0.00153	-4.56	-11.18	-13.67	-1.61	
Canada (Dollar)	1.03210	11.69	3.44	3.45	0.40	

## OFFICIAL RESERVES

	Latest Month		Billion US \$	
	Billion US \$		Percent Change	
	1973	1972	1970	1971
United States	Dec 73 14.4	16.3	13.2	14.0
Japan	Jan 74 11.8	4.1	17.9	14.0
West Germany	Dec 73 33.1	8.8	23.8	35.3
France	Jan 74 8.3	4.4	10.0	10.1
United Kingdom	Feb 74 6.0	2.8	5.9	6.6
Italy	Dec 73 6.4	4.7	8.1	6.5
Canada	Feb 74 6.2	4.3	6.2	5.7

## TRADE-WEIGHTED EXCHANGE RATES\*\*\*

As of 1 March 74	Percent Change from		1970		1971	
	Month		1970		1971	
	1973	1972	1970	1971	1970	1971
United States	-14.93	-5.63	1.03	0.84		
Japan	14.75	1.07	-10.80	-2.88		
West Germany	29.88	12.98	7.97	0.02		
France	-15.79	-2.48	-4.93	1.27		
United Kingdom	-35.84	-21.63	-7.25	-0.59		
Italy	-23.26	-21.98	-15.11	-0.93		
Canada	9.52	2.89	4.52	0.74		

\*Seasonally adjusted.

\*\*Converted into US dollars at current market rates of exchange.

7 March 1974

\*\*\*Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.